



Senate

General Assembly

File No. 428

January Session, 2003

Substitute Senate Bill No. 733

Senate, April 17, 2003

The Committee on Environment reported through SEN. WILLIAMS of the 29th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING REVISIONS TO THE ELECTRIC RESTRUCTURING LEGISLATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivisions (26) and (27) of subsection (a) of section 16-1
2 of the general statutes are repealed and the following is substituted in
3 lieu thereof (*Effective July 1, 2003*):

4 (26) "Class I renewable energy source" means (A) energy derived
5 from solar power, wind power, a fuel cell, methane gas from landfills,
6 [or] ocean thermal power, wave or tidal power, low emission
7 advanced renewable energy conversion technologies, a run-of-the-
8 river hydropower facility provided such facility has a generating
9 capacity of not more than five megawatts, does not cause an
10 appreciable change in the river flow, and begun operation after the
11 effective date of this section, or a biomass facility, including, but not
12 limited to, a biomass gasification plant that utilizes land clearing
13 debris, tree stumps or other biomass that regenerates or the use of

14 which will not result in a depletion of resources, provided such facility
15 begins operating on or after July 1, 1998 [and] and such biomass is
16 cultivated and harvested in a sustainable manner, except that energy
17 derived from a biomass facility may be considered a Class I renewable
18 energy source, provided the average emission rate for such facility is
19 equal to or less than .075 pounds of nitrogen oxides per million BTU of
20 heat input for the previous calendar quarter and such biomass is
21 cultivated and harvested in a sustainable manner, or (B) any electrical
22 generation, including distributed generation, generated from a Class I
23 renewable energy source;

24 (27) "Class II renewable energy source" means energy derived from
25 a trash-to-energy facility, [or] a biomass facility [that does not meet the
26 criteria for a class I renewable energy source or a hydropower facility,
27 provided such facility has a license issued by the Federal Energy
28 Regulatory Commission, has been exempted from such licensure, is
29 the subject of a license application or notice of intent to seek a license
30 from said commission, has been found by the Commissioner of
31 Environmental Protection to be operating in compliance with the
32 federal Clean Water Act, or has been found by the Canadian
33 environmental assessment agency to be operating in compliance with
34 said agency's resource objectives] provided the average emission rate
35 for such facility is equal to or less than .15 pounds of nitrogen oxides
36 per million BTU of heat input for the previous calendar quarter, or a
37 run-of-the-river hydropower facility provided such facility has a
38 generating capacity of not more than five megawatts, does not cause
39 an appreciable change in the riverflow, and began operation prior to
40 the effective date of this section.

41 Sec. 2. Subsection (a) of section 16-1 of the general statutes is
42 amended by adding subdivision (40) as follows (*Effective July 1, 2003*):

43 (NEW) (40) "Distributed generation" means the generation of
44 electricity on the premises of an end user within the transmission and
45 distribution system including fuel cells, photovoltaic systems or small
46 wind turbines.

47 Sec. 3. Section 16-243h of the general statutes is repealed and the
48 following is substituted in lieu thereof (*Effective July 1, 2003*):

49 On and after January 1, 2000, each electric supplier [, as defined in
50 section 16-1] and any electric distribution company providing standard
51 offer, transitional standard offer, standard service or back-up electric
52 generation service, pursuant to section 16-244c, as amended by this act,
53 shall give a credit for any electricity generated by a residential
54 customer from a Class I renewable energy source or a hydropower
55 facility. [as described in subdivision (27) of section 16-1.] The electric
56 distribution company providing electric distribution services to such a
57 customer shall make such interconnections necessary to accomplish
58 such purpose. An electric distribution company, at the request of any
59 residential customer served by such company and if necessary to
60 implement the provisions of this section, shall provide for the
61 installation of metering equipment that (1) measures electricity
62 consumed by such customer from the facilities of the electric
63 distribution company, (2) deducts from the measurement the amount
64 of electricity produced by the customer and not consumed by the
65 customer, and (3) registers, for each billing period, the net amount of
66 electricity either [(i)] (A) consumed and produced by the customer, or
67 [(ii)] (B) the net amount of electricity produced by the customer. A
68 residential customer who generates electricity from a generating unit
69 with a name plate capacity of more than ten kilowatts of electricity
70 pursuant to the provisions of this section shall be assessed for the
71 competitive transition assessment, pursuant to section 16-245g and the
72 systems benefits charge, pursuant to section 16-245l, as amended by
73 this act, based on the amount of electricity consumed by the customer
74 from the facilities of the electric distribution company without netting
75 any electricity produced by the customer. For purposes of this section,
76 "residential customer" means a customer of a single-family dwelling or
77 multifamily dwelling consisting of two to four units.

78 Sec. 4. Section 16-244c of the general statutes is repealed and the
79 following is substituted in lieu thereof (*Effective July 1, 2003*):

80 (a) (1) On and after January 1, 2000, each electric distribution
81 company [, as defined in section 16-1,] shall make available to all
82 customers in its service area, the provision of electric generation and
83 distribution services through a standard offer. Under the standard
84 offer, a customer shall receive electric services at a rate established by
85 the Department of Public Utility Control pursuant to subdivision (2) of
86 this subsection. Each electric distribution company shall provide
87 electric generation services in accordance with such option to any
88 customer who affirmatively chooses to receive electric generation
89 services pursuant to the standard offer or does not or is unable to
90 arrange for or maintain electric generation services with an electric
91 supplier. [, as defined in said section 16-1.] The standard offer shall
92 automatically terminate on January 1, 2004. [, unless extended by the
93 General Assembly pursuant to section 74 of public act 98-28*.] While
94 providing electric generation services under the standard offer, an
95 electric distribution company may provide electric generation services
96 through any of its generation entities or affiliates, provided such
97 entities or affiliates are licensed pursuant to section 16-245, as
98 amended by this act.

99 (2) Not later than October 1, 1999, the Department of Public Utility
100 Control shall establish the standard offer for each electric distribution
101 company, effective January 1, 2000, which shall allocate the costs of
102 such company among electric transmission and distribution services,
103 electric generation services, the competitive transition assessment and
104 the systems benefits charge. The department shall hold a hearing that
105 shall be conducted as a contested case in accordance with chapter 54 to
106 establish the standard offer. The standard offer shall provide that the
107 total rate charged under the standard offer, including electric
108 transmission and distribution services, the conservation and load
109 management program charge described in section 16-245m, as
110 amended by this act, the renewable energy investment charge
111 described in section 16-245n, electric generation services, the
112 competitive transition assessment and the systems benefits charge
113 shall be at least ten per cent less than the base rates, as defined in
114 section 16-244a, in effect on December 31, 1996. The standard offer

115 shall be adjusted to the extent of any increase or decrease in state taxes
116 attributable to sections 12-264 and 12-265 and any other increase or
117 decrease in state or federal taxes resulting from a change in state or
118 federal law and shall continue to be adjusted during such period
119 pursuant to section 16-19b. Notwithstanding the provisions of section
120 16-19b, the provisions of said section 16-19b shall apply to electric
121 distribution companies. The standard offer may be adjusted, by an
122 increase or decrease, to the extent approved by the department, in the
123 event that (A) the revenue requirements of the company are affected as
124 the result of changes in (i) legislative enactments other than public act
125 98-28**, (ii) administrative requirements, or (iii) accounting standards
126 occurring after July 1, 1998, provided such accounting standards are
127 adopted by entities independent of the company that have authority to
128 issue such standards, or (B) an electric distribution company incurs
129 extraordinary and unanticipated expenses required for the provision of
130 safe and reliable electric service to the extent necessary to provide such
131 service. Savings attributable to a reduction in taxes shall not be shifted
132 between customer classes.

133 (3) The price reduction provided in subdivision (2) of this
134 subsection shall not apply to customers who, on or after July 1, 1998,
135 are purchasing electric services from an electric company or electric
136 distribution company, as the case may be, under a special contract or
137 flexible rate tariff, and the company's filed standard offer tariffs shall
138 reflect that such customers shall not receive the standard offer price
139 reduction.

140 [(b) On and after January 1, 2004, each electric distribution company
141 shall serve any customer who does not or is unable to arrange for or
142 maintain electric generation services with an electric supplier. The
143 electric distribution company shall procure electric generation services
144 for such customers through a competitive bidding process. An electric
145 distribution company may procure electric generation services through
146 any of its generation entities or affiliates, provided such entity or
147 affiliate is the lowest qualified bidder and provided further any such
148 entity or affiliate is licensed pursuant to section 16-245.]

149 (b) (1) On and after January 1, 2004, each electric distribution
150 company shall make available to all customers in its service area, the
151 provision of electric generation and distribution services through a
152 transitional standard offer. Under the transitional standard offer, a
153 customer shall receive electric services at a rate established by the
154 Department of Public Utility Control pursuant to subdivision (2) of
155 this subsection. Each electric distribution company shall provide
156 electric generation services in accordance with such option to any
157 customer who affirmatively chooses to receive electric generation
158 services pursuant to the transitional standard offer or does not or is
159 unable to arrange for or maintain electric generation services with an
160 electric supplier. The transitional standard offer shall terminate on
161 January 1, 2006. While providing electric generation services under the
162 transitional standard offer, an electric distribution company may
163 provide electric generation services through any of its generation
164 entities or affiliates, provided such entities or affiliates are licensed
165 pursuant to section 16-245, as amended by this act.

166 (2) Not later than October 1, 2003, the Department of Public Utility
167 Control shall establish the transitional standard offer for each electric
168 distribution company, effective January 1, 2004, which offer shall
169 allocate the costs of such company among electric transmission and
170 distribution services, electric generation services, the competitive
171 transition assessment and the systems benefits charge. The department
172 shall hold a hearing that shall be conducted as a contested case in
173 accordance with chapter 54 to establish the transitional standard offer.
174 The transitional standard offer shall provide that the cost of electric
175 transmission and distribution services, the conservation and load
176 management program charge described in section 16-245m, as
177 amended by this act, the renewable energy investment charge
178 described in section 16-245n, electric generation services, the
179 competitive transition assessment and the systems benefits charge
180 shall not exceed the base rates, as defined in section 16-244a, in effect
181 on December 31, 1996. The transitional standard offer shall be adjusted
182 to the extent of any increase or decrease in state taxes attributable to
183 sections 12-264 and 12-265 and any other increase or decrease in state

184 or federal taxes resulting from a change in state or federal law and
185 shall continue to be adjusted during such period pursuant to section
186 16-19b. Notwithstanding the provisions of section 16-19b, the
187 provisions of section 16-19b shall apply to electric distribution
188 companies. The transitional standard offer may be adjusted, by an
189 increase or decrease, to the extent approved by the department, in the
190 event that (A) the revenue requirements of the company are affected as
191 the result of changes in (i) legislative enactments other than this act or
192 public act 98-28, (ii) administrative requirements, or (iii) accounting
193 standards adopted after July 1, 2003, provided such accounting
194 standards are adopted by entities that are independent of the company
195 and which have authority to issue such standards, or (B) an electric
196 distribution company incurs extraordinary and unanticipated expenses
197 required for the provision of safe and reliable electric service to the
198 extent necessary to provide such service. Savings attributable to a
199 reduction in taxes shall not be shifted between customer classes.

200 (3) The price provided in subdivision (2) of this subsection shall not
201 apply to customers who, on or after July 1, 2003, purchase electric
202 services from an electric company or electric distribution company, as
203 the case may be, under a special contract or flexible rate tariff,
204 provided the company's filed transitional standard offer tariffs shall
205 reflect that such customers shall not receive the transitional standard
206 offer price during the term of said contract or tariff.

207 (c) (1) On and after January 1, 2006, each electric distribution
208 company shall provide electric generation services through standard
209 service to any customer who (A) does not arrange for or is not
210 receiving electric generation services with an electric supplier, and (B)
211 does not use a demand meter or has a maximum demand of less than
212 three hundred fifty kilowatts.

213 (2) Not later than October 1, 2005, and periodically as required by
214 subdivision (3) of this subsection, but not more often than every
215 calendar quarter, the Department of Public Utility Control shall
216 establish the standard service price for such customers pursuant to

217 subdivision (3) of this subsection. Each electric distribution company
218 shall recover the actual net costs of procuring and providing
219 generation services pursuant to this subsection, provided such
220 company mitigates the costs it incurs for the procurement of electric
221 generation services for customers who are no longer receiving service
222 pursuant to this subsection.

223 (3) (A) An electric distribution company providing electric
224 generation services pursuant to this subsection shall mitigate the
225 variation of the price of the service offered to its customers by
226 procuring electric generation services contracts in the manner
227 prescribed in a plan approved by the department. Such plan shall
228 require that a portfolio of service contracts sufficient to meet the
229 projected load. Such plan or bidding process shall require that the
230 portfolio of contracts be procured in an overlapping pattern of fixed
231 periods at such times and in such manner and duration as the
232 department determines to be most likely to produce just, reasonable
233 and reasonably stable retail rates while reflecting underlying
234 wholesale market prices over time. The portfolio of contracts shall be
235 assembled in such manner as to invite competition; guard against
236 favoritism, improvidence, extravagance, fraud and corruption; and
237 secure a reliable electricity supply while avoiding unusual, anomalous
238 or excessive pricing. The portfolio of contracts procured under such
239 plan shall be for terms of not less than six months, provided contracts
240 for shorter periods may be procured under such conditions as the
241 department shall prescribe to (i) ensure the lowest rates possible for
242 end-use customers; (ii) ensure reliable service under extraordinary
243 circumstances; and (iii) ensure the prudent management of the
244 contract portfolio. An electric distribution company may receive a bid
245 for an electric generation services contract from any of its generation
246 entities or affiliates, provided such generation entity or affiliate
247 submits its bid the business day preceding the first day on which an
248 unaffiliated electric supplier may submit its bid and further provided
249 the electric distribution company and the generation entity or affiliate
250 are in compliance with the code of conduct established in section 16-
251 244h.

252 (B) The department, in consultation with the Office of Consumer
253 Counsel, shall retain the services of a third-party entity with expertise
254 in the area of energy procurement to oversee the initial development of
255 the request for proposals and the bidding process conducted by an
256 electric distribution company for the price of electric generation
257 services offered pursuant to this subsection. Costs associated with the
258 retention of such third-party entity shall be included in the cost of
259 electric generation services that is included in such price. Each bidder
260 shall submit its bid to the electric distribution company and the third-
261 party entity who shall jointly review the bids and submit an overview
262 of all bids together with a joint recommendation to the department as
263 to the preferred bidders. The department may, within fifteen business
264 days of submission of the overview, reject the recommendation
265 regarding preferred bidders. In the event that the department rejects
266 the preferred bids, the electric distribution company shall rebid the
267 service.

268 (C) Subsequent to the initial procurement of contracts pursuant to
269 subparagraph (B) of this subdivision, where an affiliate of an electric
270 distribution company wishes to submit a contact bid for electric supply
271 services, such affiliate shall retain the services of a third-party entity
272 with expertise in the area of energy procurement to negotiate such
273 contract with the electric distribution company.

274 (d) (1) Notwithstanding the provisions of this section regarding the
275 price of the electric generation service for the transitional standard
276 offer or standard service, section 16-244h or section 16-245o, the
277 Department of Public Utility Control may, from time to time, direct an
278 electric distribution company to offer, through another person,
279 including, but not limited to, an electric supplier, before January 1,
280 2006, an alternative transitional standard offer option or, on or after
281 January 1, 2006, an alternative standard service option. Such
282 alternative may include, but not be limited to, an option that is
283 comprised of electric generation services from Class I and Class II
284 renewable energy sources that are in excess of the renewable portfolio
285 standards established in section 16-245a, as amended by this act, or an

286 option that utilizes strategies or technologies that reduce the overall
287 consumption of electricity.

288 (2) The department shall develop such alternative in a contested
289 case, in accordance with the provisions of chapter 54. The electric
290 distribution company shall, under the supervision of the department,
291 subsequently conduct a bidding process in order to solicit persons to
292 develop such alternative. The department shall determine the terms
293 and conditions of such alternative, including, but not limited to, the
294 minimum contract terms or the minimum percentage of electricity
295 derived from Class I or Class II renewable energy sources. The
296 department may reject some or all of the bids received pursuant to the
297 bidding process.

298 (3) The department shall require the person that will offer such
299 alternative to enter into such contractual or other arrangements with
300 the distribution company in order to assure the department that the
301 contracts resulting from the bidding process will be fulfilled.

302 (4) A person who fails to fulfill its contractual obligations resulting
303 from this subdivision shall be subject to civil penalties, in accordance
304 with the provisions of section 16-41, or if such person is an electric
305 supplier, the suspension or revocation of such supplier's license, or a
306 prohibition on the acceptance of new customers by the department,
307 following a hearing that is conducted as a contested case, in
308 accordance with the provisions of chapter 54.

309 (e) (1) On and after January 1, 2006, an electric distribution company
310 shall serve customers that may not receive standard service as the
311 supplier of last resort. This subsection shall not apply to customers
312 purchasing power under contracts entered into pursuant to section 16-
313 19hh.

314 (2) An electric distribution company shall procure electricity to
315 provide electric generation services to such customers. The
316 Department of Public Utility Control shall determine a price for such
317 customers that reflects the full cost of providing the electricity on a

318 monthly basis. Each electric distribution company shall recover the
319 actual net costs of procuring and providing electric generation services
320 pursuant to this subsection, provided such company mitigates the
321 costs it incurs for the procurement of electric generation services for
322 customers that are no longer receiving service pursuant to this
323 subsection.

324 [(c)] (f) On and after January 1, 2000, and until such time the
325 regional independent system operator implements procedures for the
326 provision of back-up power to the satisfaction of the Department of
327 Public Utility Control, each electric distribution company shall provide
328 electric generation services to any customer who has entered into a
329 service contract with an electric supplier that fails to provide electric
330 generation services for reasons other than the customer's failure to pay
331 for such services. Between January 1, 2000, and December 31, [2003]
332 2005, an electric distribution company may procure electric generation
333 services through a competitive bidding process or through any of its
334 generation entities or affiliates. On and after January 1, [2004] 2006,
335 such company shall procure electric generation services through a
336 competitive bidding process. Such company may procure electric
337 generation services through any of its generation entities or affiliates,
338 provided such entity or affiliate is the lowest qualified bidder and
339 provided further any such entity or affiliate is licensed pursuant to
340 section 16-245, as amended by this act.

341 [(d)] (g) An electric distribution company is not required to be
342 licensed pursuant to section 16-245, as amended by this act, to provide
343 standard offer [electric generation services in accordance with
344 subsection (a) of this section] service, transitional standard offer
345 service or back-up electric generation [services] service prior to
346 January 1, [2004] 2006. [, in accordance with subsection (c) of this
347 section.]

348 [(e)] (h) The electric distribution company shall be entitled to
349 recover reasonable costs incurred as a result of providing standard
350 offer electric generation services pursuant to the provisions of

351 subsection (a) of this section. [, the default service pursuant to
352 subsection (b) of this section or the back-up electric generation services
353 pursuant to subsection (c) of this section.] The provisions of this
354 section and section 16-244a shall satisfy the requirements of section 16-
355 19a until January 1, 2004.

356 (i) Administrative costs incurred by an electric distribution
357 company for providing transitional standard offer service, standard
358 service, or back-up electric generation service shall be eligible for
359 inclusion in rates pursuant to sections 16-19 and 16-19e. The
360 department shall reopen the last rate case of each electric distribution
361 company for the sole purpose of including such costs in their rates.

362 (j) (1) In addition to its administrative costs, as compensation for
363 providing transitional standard offer service and standard service,
364 each electric distribution company shall receive an amount equal to
365 five-tenths of one mill per kilowatt hour. In addition, each electric
366 distribution company may earn compensation for mitigating the prices
367 of the electric supply contracts, as provided in subdivisions (2) and (3)
368 of this subsection.

369 (2) The department shall, through a contested case conducted
370 pursuant to the provisions of chapter 54, determine an appropriate
371 mechanism to establish an incentive plan for the procurement of long-
372 term contracts for transitional standard offer service and standard
373 service by the electric distribution company. The incentive plan shall
374 be based upon a comparison of the actual average contract price for
375 electricity compared to regional average contract price for electricity,
376 adjusted for such variables as the department deems appropriate,
377 including, but not limited to, locational price differences. If the actual
378 average contract price is less than the actual regional average contract
379 price for the previous year, the department shall divide the difference
380 between such prices equally between ratepayers and the company. The
381 department may, as it deems necessary, retain a third party entity with
382 expertise in energy procurement or contracting to assist with the
383 development of such incentive plan.

384 (3) Where an electric distribution company procures a short-term
385 contract for transitional standard offer service or standard service for a
386 price that is lower than the regional average contract price for
387 electricity, as determined pursuant to subdivision (2) of this
388 subsection, the department shall divide any difference between such
389 prices equally between ratepayers and the company.

390 (4) The total compensation for any electric distribution company
391 under this subsection shall not exceed two and one-half mills per
392 kilowatt hour for any calendar year. Revenues from such
393 compensation shall not be included in calculating the electric
394 distribution company's earnings for purposes of, or in determining
395 whether its rates are just and reasonable under, sections 16-19, 16-19a
396 and 16-19e, including an earnings sharing mechanism.

397 ~~[(f)]~~ (k) The Department of Public Utility Control shall establish, by
398 regulations adopted pursuant to chapter 54, [standards or procedures
399 for an electric distribution company's procuring power and
400 competitive bidding for purposes of subsections (b) and (c) of this
401 section in a commercially reasonable manner and] procedures for
402 when and how a customer is notified that his electric supplier has
403 defaulted and of the need for the customer to choose a new electric
404 supplier within a reasonable period of time.

405 (l) (1) Notwithstanding the provisions regarding an alternative
406 transitional standard offer or an alternative standard service relating to
407 an option comprised of electric generation services from Class I and
408 Class II renewable energy sources that are in excess of the renewable
409 portfolio standards established in section 16-245a, as amended by this
410 act, an electric distribution company providing transitional standard
411 offer, standard service, supplier of last resort service or back-up
412 electric generation service in accordance with this section shall comply
413 with the renewable portfolio standards. The Department of Public
414 Utility Control shall require a payment by any such electric
415 distribution company that fails to comply with the portfolio standards
416 in the amount of \$0.055 per kilowatt hour. The department shall

417 allocate such payment to the Renewable Energy Investment Fund for
418 the development of Class I renewable energy sources. Where
419 renewable energy sources are available at a price that is less than
420 \$0.055, as determined by the department, and an electric distribution
421 company does not comply with the portfolio standards, the payment
422 incurred pursuant to this subsection shall not be deemed a recoverable
423 operating expense in a rate proceeding held pursuant to section 16-19.
424 Where an electric distribution company purchases renewable energy
425 sources in order to comply with the portfolio standards at a price that
426 is in excess of \$0.055 per kilowatt hour, the amount of such purchase
427 that is in excess of \$0.055 per kilowatt hour shall not be deemed an
428 operating expense in a rate proceeding held pursuant to section 16-19.

429 (2) Notwithstanding the provisions regarding an alternative
430 transitional standard offer or an alternative standard service relating to
431 an option comprised of electric generation services from Class I and
432 Class II renewable energy sources that are in excess of the renewable
433 portfolio standards, an electric distribution company providing
434 transitional standard offer, standard service, supplier of last resort
435 service or back-up electric generation service in accordance with this
436 section shall, not later than July 1, 2005, July 1, 2006, and July 1, 2007,
437 file with the Department of Public Utility Control, one or more long-
438 term power purchase contracts comprised of no less than one-quarter
439 of one per cent of the following year's Class I portfolio standards. On
440 and after January 1, 2006, the cost of such contracts and the
441 administrative costs for the procurement of such contracts shall be
442 eligible for inclusion in rates pursuant to sections 16-19 and 16-19e,
443 provided that such contracts are for a period of time sufficient to
444 provide financing for such projects, but not less than fifteen years, are
445 for projects which begin operation on or after July 1, 2003, and are for
446 Class I power projects that receive funding from the Renewable
447 Energy Investment Fund. The department shall reopen the last rate
448 case of each electric distribution company for the sole purpose of
449 including such costs in their rates. The amount of Class I power
450 contracted under such contracts shall reduce the applicable annual
451 Class I portfolio standards.

452 Sec. 5. Section 16-244d of the general statutes is amended by adding
453 subsections (f) and (g) as follows (*Effective July 1, 2003*):

454 (NEW) (f) The Department of Public Utility Control, in consultation
455 with the Office of Consumer Counsel, shall establish a program for the
456 dissemination of information regarding electric suppliers. Such
457 program shall require electric distribution companies to distribute an
458 informational summary on electric suppliers to any new customer and
459 to existing customers beginning on January 1, 2004, and biannually
460 thereafter. Such informational summary shall be developed by the
461 department and shall include, but not be limited to, the name of each
462 licensed electric supplier, the state where the supplier is based,
463 information on whether the supplier has active offerings for either
464 residential or commercial and industrial consumers, the telephone
465 number and Internet address of the supplier, and information as to
466 whether the supplier offers electric generation services from renewable
467 energy sources in excess of the portfolio standards pursuant to section
468 16-245a, as amended by this act. The department shall include pricing
469 information in the informational summary to the extent the
470 department determines feasible. The department shall post the
471 informational summary in a conspicuous place on its website and
472 provide electronic links to the website of each supplier. The
473 department shall update the informational summary on its website on
474 at least a quarterly basis.

475 (NEW) (g) The Department of Public Utility Control, in consultation
476 with the Office of Consumer Counsel and the Consumer Education
477 Advisory Council, shall, not later than October 1, 2003, develop a plan
478 for the restart of the education outreach program on or before October
479 1, 2004, and submit, in accordance with the provisions of section 11-4a,
480 such plan to the joint standing committee of the General Assembly
481 having cognizance of matters relating to energy and technology.

482 Sec. 6. Section 16-245 of the general statutes is repealed and the
483 following is substituted in lieu thereof (*Effective July 1, 2003*):

484 (a) No person, no municipality and no regional water authority

485 shall execute any contract relating to the sale of electric generation
486 services to be rendered after January 1, 2000, to end use customers
487 located in the state unless such person has been issued a license by the
488 department in accordance with the provisions of this section. No
489 license shall be valid before July 1, 1999.

490 (b) On and after January 1, 2000, no person, no municipality and no
491 regional water authority shall sell or attempt to sell electric generation
492 services to end use customers located in the state using the
493 transmission or distribution facilities of an electric distribution
494 company [, as defined in section 16-1, and no municipality and no
495 regional water authority except as provided in section 16-245b and no
496 person shall aggregate, broker or market the sale of electric generation
497 services to end use customers using the transmission or distribution
498 facilities of an electric distribution company] unless the person has
499 been issued a license by the Department of Public Utility Control in
500 accordance with the provisions of this section, provided an electric
501 distribution company is not required to be licensed pursuant to this
502 section to provide electric generation services pursuant to [subsection
503 (a) or, prior to January 1, 2004, subsection (c) of] section 16-244c, as
504 amended by this act. On and after April 30, 2002, the Connecticut
505 Resources Recovery Authority shall not [(1)] sell or attempt to sell
506 electric generation services to end use customers located in the state
507 using the transmission or distribution facilities of an electric
508 distribution company [, as defined in section 16-1,] unless the authority
509 has been issued a license by the Department of Public Utility Control
510 in accordance with the provisions of this section. [, or (2) aggregate,
511 broker or market the sale of electric generation services to end use
512 customers using the transmission or distribution facilities of an electric
513 distribution company except as provided in section 16-245b.] Not later
514 than January 1, 1999, the department shall, by regulations adopted
515 pursuant to chapter 54, develop licensing procedures. The licensing
516 process shall begin not later than April 1, 1999.

517 (c) To ensure the safety and reliability of the supply of electricity in
518 this state, the Department of Public Utility Control shall not issue a

519 license unless the person, municipality, regional water authority or the
520 Connecticut Resources Recovery Authority can demonstrate to the
521 satisfaction of the department that [:(1) The] the person, municipality,
522 regional water authority or the Connecticut Resources Recovery
523 Authority has the technical, managerial and financial capability to
524 provide electric generation services and provides and maintains a
525 bond or other security in amount and form approved by the
526 department, to ensure its financial responsibility and its supply of
527 electricity to end use customers in accordance with contracts,
528 agreements or arrangements. [:(2) the person or the entity or entities
529 with whom the person has a contractual relationship to purchase
530 power is in compliance with all applicable licensing requirements of
531 the Federal Energy Regulatory Commission; (3) the person is
532 registered with or certified by the regional independent systems
533 operator or has a contractual relationship with one or more entities
534 who are registered with or certified by the regional independent
535 systems operator and is in compliance with all system rules and
536 standards established by the regional independent systems operator;
537 (4) the person owns or purchases such capacity and reserves as may be
538 required by the regional independent system operator, to provide
539 adequate electricity to all the person's customers; (5) the person's
540 generation facilities located in North America are in compliance with
541 regulations adopted by the Commissioner of Environmental Protection
542 pursuant to section 22a-174j; and (6) for any generation facility within
543 this state, the facility is in compliance with chapter 277a and state
544 environmental laws and regulations.] A license shall be subject to
545 periodic review on a schedule to be established by the department.

546 (d) An application for a license shall be filed with the Department of
547 Public Utility Control, accompanied by a fee pursuant to subsection (e)
548 of this section. The application shall contain such information as the
549 department may deem relevant, including, but not limited to, the
550 following: (1) The address of the applicant's headquarters and the
551 articles of incorporation, as filed with the state in which the applicant
552 is incorporated; (2) the address of the applicant's principal office in the
553 state, [and] if any, or the address of the applicant's agent for service in

554 the state; (3) the toll-free telephone number for customer service; (4)
555 information about the applicant's corporate structure, including names
556 and financial statements, as appropriate, concerning corporate
557 affiliates; (5) a disclosure of whether the applicant or any of the
558 [applicant is] applicant's corporate affiliates or officers have been or
559 are currently under investigation for violation of any consumer
560 protection law or regulation to which it is subject, either in this state or
561 in another state; (6) a copy of its standard service contract; [(7) an
562 attestation that it is subject to chapters 208, 212, 212a and 219, as
563 applicable, and that it shall pay all taxes it is subject to in this state; and
564 (8)] and (7) a scope of service plan which sets forth, among other
565 things, a description of the geographic area the applicant plans to
566 serve.

567 (e) The application fee shall include the costs to investigate and
568 administer the licensing procedure and shall be commensurate with
569 the level of investigation necessary, as determined by regulations
570 adopted by the Department of Public Utility Control.

571 (f) Not more than thirty days after receiving an application, the
572 Department of Public Utility Control shall notify the applicant whether
573 the application is complete or whether the applicant must submit
574 additional information. The department shall grant or deny a license
575 application [, after notice and a hearing,] not more than ninety days
576 after receiving all information required of an applicant. [Any hearing
577 shall be conducted as a contested case in accordance with chapter 54.]
578 The department shall hold a public hearing on an application upon the
579 request of any interested party.

580 (g) [The Department of Public Utility Control shall require, as] As
581 conditions of [a license,] continued licensure, in addition to the
582 requirements of subsection (c) of this section, a licensee shall ensure
583 that: (1) The [supplier] licensee complies with the National Labor
584 Relations Act and regulations, if applicable; (2) the [supplier] licensee
585 complies with the Connecticut Unfair Trade Practices Act and
586 applicable regulations; (3) each generating facility operated by or

587 under long-term contract to the [supplier] licensee complies with
588 regulations adopted by the Commissioner of Environmental
589 Protection, pursuant to section 22a-174j; (4) the [supplier] licensee
590 complies with the portfolio standards, pursuant to section 16-245a, as
591 amended by this act; (5) the licensee is a member of the New England
592 Power Pool or its successor or has a contractual relationship with one
593 or more entities who are members of the New England Power Pool or
594 its successor and the [supplier] licensee complies with the [system]
595 rules of the regional independent system operator and standards and
596 any other reliability guidelines of the regional independent systems
597 operator; (6) the [supplier] licensee agrees to cooperate with the
598 department and other electric suppliers [, as defined in section 16-1,] in
599 the event of an emergency condition that may jeopardize the safety
600 and reliability of electric service; (7) the [supplier] licensee complies
601 with the code of conduct established pursuant to section 16-244h; [and]
602 (8) for a license to a participating municipal electric utility, the
603 [supplier] licensee provides open and nondiscriminatory access [of] to
604 its distribution facilities to other licensed electric suppliers; (9) the
605 licensee or the entity or entities with whom the licensee has a
606 contractual relationship to purchase power is in compliance with all
607 applicable licensing requirements of the Federal Energy Regulatory
608 Commission; (10) each generating facility operated by or under long-
609 term contract to the licensee complies with chapter 277a and state
610 environmental laws and regulations; (11) the licensee complies with
611 the renewable portfolio standards established in section 16-245a, as
612 amended by this act; and (12) the licensee acknowledges that it is
613 subject to chapters 208, 212, 212a and 219, as applicable, and the
614 licensee pays all taxes it is subject to in this state. Also as a condition of
615 a license, the department shall prohibit each [supplier] licensee from
616 declining to provide service to customers for the reason that the
617 customers are located in economically distressed areas. The
618 department may establish additional reasonable conditions to assure
619 that all retail customers will continue to have access to electric
620 generation services.

621 (h) The department shall maintain regular communications with the

622 regional independent system operator to effectuate the provisions of
623 this section and to ensure that an adequate, safe and reliable supply of
624 electricity is available.

625 (i) Each licensee shall, at such times as the department requires but
626 not less than annually, submit to the Department of Public Utility
627 Control, on a form prescribed by the department, an update of
628 information the department deems relevant. Each licensee shall notify
629 the department at least ten days before: (1) A change in corporate
630 structure that affects the licensee; (2) a change in the scope of service,
631 as provided in the [supplier's] licensee's scope of service plan
632 submitted to the department as part of the application process; and (3)
633 any other change the department deems relevant.

634 (j) No license may be transferred without the prior approval of the
635 department. The department may assess additional licensing fees to
636 pay the administrative costs of reviewing a request for such transfer.

637 [(k) An electric aggregator shall not be subject to the provisions of
638 subdivisions (2) to (6), inclusive, of subsection (c) of this section and
639 subdivisions (4) and (5) of subsection (g) of this section.]

640 [(l)] (k) Any [person] licensee who fails to comply with a license
641 condition or who violates any provision of this section, except for the
642 renewable portfolio standards contained in subsection (g) of this
643 section, shall be subject to [sanctions] civil penalties by the Department
644 of Public Utility Control in accordance with section 16-41, [which may
645 include, but are not limited to,] or the suspension or revocation of such
646 license or a prohibition on accepting new customers by the
647 Department of Public Utility Control following a hearing that is
648 conducted as a contested case in accordance with chapter 54.
649 Notwithstanding the provisions regarding an alternative transitional
650 standard offer or an alternative standard service relating to an option
651 comprised of electric generation services from Class I and Class II
652 renewable energy sources that are in excess of the renewable portfolio
653 standards, on or after January 1, 2005, the department shall require a
654 payment by any licensee that fails to comply with the renewable

655 portfolio standards in accordance with subsection (g) of this section in
656 the amount of \$0.055 per kilowatt hour. The department shall allocate
657 such payment to the Renewable Energy Investment Fund for the
658 development of Class I renewable energy sources.

659 (l) (1) An electric aggregator shall not be subject to the provisions of
660 subsections (a) to (k), inclusive, of this section.

661 (2) No electric aggregator shall negotiate a contract for the purchase
662 of electric generation services from an electric supplier unless such
663 aggregator has (A) obtained a certificate of registration from the
664 Department of Public Utility Control in accordance with this
665 subsection, or (B) in the case of a municipality, regional water
666 authority and the Connecticut Resources Recovery Authority,
667 registered in accordance with section 16-245b. An electric aggregator
668 that was licensed pursuant to this section prior to the effective date of
669 this section shall receive a certificate of registration on the effective
670 date of this section.

671 (3) An application for a certificate of registration shall be filed with
672 the department, accompanied by a fee as determined by the
673 department. The application shall contain such information as the
674 department may deem relevant, including, but not limited to, the
675 following: (A) The address of the applicant's headquarters and the
676 articles of incorporation, if applicable, as filed with the state in which
677 the applicant is incorporated; (B) the address of the applicant's
678 principal office in the state, if any, or the address of the applicant's
679 agent for service in the state; (C) the toll-free or in-state telephone
680 number of the applicant; (D) information about the applicant's
681 corporate structure, if applicable, including financial names and
682 financial statements, as relevant, concerning corporate affiliates; (E)
683 disclosure of whether the applicant or any of the applicant's corporate
684 affiliates or officers, if applicable, have been or are currently under
685 investigation for violation of any consumer protection law or
686 regulation to which it is subject, either in this state or in another state.
687 Each registered electric aggregator shall update the information

688 contained in this subdivision of this subsection as necessary.

689 (4) Not more than thirty days after receiving an application for a
690 certificate of registration, the department shall notify the applicant
691 whether the application is complete or whether the applicant must
692 submit additional information. The department shall grant or deny the
693 application for a certificate of registration not more than ninety days
694 after receiving all information required of an applicant. The
695 department shall hold a public hearing on an application upon the
696 request of any interested party.

697 (5) As a condition for maintaining a certificate of registration, the
698 registered electric aggregator shall ensure that, where applicable, it
699 complies with the National Labor Relations Act and regulations, if
700 applicable, and it complies with the Connecticut Unfair Trade Practices
701 Act and applicable regulations.

702 (6) Any registered electric aggregator that fails to comply with a
703 registration condition or who violates any provision of this section
704 shall be subject to civil penalties by the Department of Public Utility
705 Control in accordance with the procedures contained in section 16-41,
706 or the suspension or revocation of such registration, or a prohibition
707 on accepting new customers by the department following a hearing
708 that is conducted as a contested case in accordance with the provisions
709 of chapter 54.

710 Sec. 7. Section 16-245a of the general statutes is repealed and the
711 following is substituted in lieu thereof (*Effective July 1, 2003*):

712 [(a) To be licensed under section 16-245, an applicant for a license
713 shall demonstrate to the satisfaction of the Department of Public
714 Utility Control that not less than one-half of one per cent of its total
715 electricity output shall be generated from Class I renewable energy
716 sources and an additional five and one-half per cent of the total output
717 shall be from Class I or Class II renewable energy sources. On and after
718 July 1, 2001, not less than three-fourths of one per cent of the total
719 output of any such supplier shall be generated from Class I renewable

720 energy sources and an additional five and one-half per cent of the total
721 output shall be from Class I or Class II renewable energy sources.]

722 (a) (1) On and after July 1, [2002,] 2003, an electric supplier shall
723 demonstrate to the satisfaction of the Department of Public Utility
724 Control that not less than one per cent of [such output] its total
725 electricity output shall be generated from Class I renewable energy
726 sources and an additional five and one-half per cent of the total output
727 shall be from Class I or Class II renewable energy sources. On and after
728 [July 1, 2003,] January 1, 2004, an electric supplier and an electric
729 distribution company providing transitional standard pursuant to
730 section 16-244c, as amended by this act, offer shall demonstrate that
731 not less than [one and] one-half per cent of [such output] the total
732 output or services of such supplier or distribution company shall be
733 generated from Class I renewable energy sources and an additional
734 five and one-half per cent of the total output or services shall be from
735 Class I or Class II renewable energy sources. On and after [July 1, 2004]
736 January 1, 2005, not less than [two] one per cent of the total output or
737 services of any such supplier or distribution company shall be
738 generated from Class I renewable energy sources and an additional
739 [six] three per cent of the total output or services shall be from Class I
740 or Class II renewable energy sources. On and after [July 1, 2005,]
741 January 1, 2006, an electric supplier and an electric distribution
742 company providing standard service or supplier of last resort service,
743 pursuant to section 16-244c, as amended by this act, shall demonstrate
744 that not less than two [and one-half] per cent of the total output or
745 services of any such supplier or distribution company shall be
746 generated from Class I renewable energy sources and an additional
747 [six] three per cent of the total output or services shall be from Class I
748 or Class II renewable energy sources. On and after [July 1, 2006]
749 January 1, 2007, not less than three and one-half per cent of the total
750 output or services of any such supplier or distribution company shall
751 be generated from Class I renewable energy sources and an additional
752 [six] three per cent of the total output or services shall be from Class I
753 or Class II renewable energy sources. On and after [July 1, 2007]
754 January 1 2008, not less than [four] five per cent of the total output or

755 services of any such supplier or distribution company shall be
756 generated from Class I renewable energy sources and an additional
757 [six] three per cent of the total output or services shall be from Class I
758 or Class II renewable energy sources. On and after [July 1, 2008]
759 January 1, 2009, not less than [five] six per cent of the total output or
760 services of any such supplier or distribution company shall be
761 generated from Class I renewable energy sources and an additional
762 [six] three per cent of the total output or services shall be from Class I
763 or Class II renewable energy sources. On and after [July 1, 2009]
764 January 1, 2010, not less than [six] seven per cent of the total output or
765 services of any such supplier or distribution company shall be
766 generated from Class I renewable energy sources and an additional
767 [seven] three per cent of the total output or services shall be from Class
768 I or Class II renewable energy sources. [An electric supplier may
769 satisfy the requirements of this subsection by participating in a
770 renewable energy trading program approved by the state. Any
771 supplier who provides electric generation services solely from a Class
772 II renewable energy source shall not be required to comply with the
773 provisions of this section.]

774 (2) An electric supplier or electric distribution company may satisfy
775 the requirements of this subsection by (A) purchasing Class I or Class
776 II renewable energy sources within the jurisdiction of the regional
777 independent system operator, the New York Independent System
778 Operator, or its successor organization as approved by the Federal
779 Energy Regulatory Commission, or the following members of the PJM
780 Interconnection, LLC, or its successor organization as approved by the
781 Federal Energy Regulatory Commission, provided the department
782 determines such states have a renewable portfolio requirement that is
783 comparable to this section: Pennsylvania, New Jersey, Maryland, and
784 Delaware; or (B) by participating in a renewable energy trading
785 program within said jurisdictions as approved by the Department of
786 Public Utility Control.

787 (3) Any supplier who provides electric generation services solely
788 from a Class II renewable energy source shall not be required to

789 comply with the provisions of this section.

790 (b) An [applicant's demonstration] electric supplier or an electric
791 distribution company shall base its demonstration of generation
792 sources, as required under subsection (a) of this section [, shall be
793 based] on historical data, which may consist of data filed with the
794 regional independent system operator.

795 (c) (1) A supplier or an electric distribution company may make up
796 any deficiency within its generation service portfolio within the first
797 three months of a calendar year or as otherwise provided by
798 generation information system operating rules approved by New
799 England Power Pool or its successor to meet the generation source
800 requirements of subsection (a) of this section for the previous year.

801 (2) No such supplier or electric distribution company shall receive
802 credit for the current calendar year for generation from renewable
803 energy sources pursuant to this section where such supplier or
804 distribution company receives credit for the same year pursuant to
805 subdivision (1) of this subsection.

806 [(c)] (d) The department [may] shall adopt regulations, [pursuant to]
807 in accordance with the provisions of chapter 54, to implement the
808 provisions of this section.

809 Sec. 8. Subsection (a) of section 16-245l of the general statutes, as
810 amended by section 3 of public act 02-64, is repealed and the following
811 is substituted in lieu thereof (*Effective January 1, 2004*):

812 (a) The Department of Public Utility Control shall establish and each
813 electric distribution company shall collect a systems benefits charge to
814 be imposed against all end use customers of each electric distribution
815 company beginning January 1, 2000. The department shall hold a
816 hearing that shall be conducted as a contested case in accordance with
817 chapter 54 to establish the amount of the systems benefits charge. The
818 department may revise the systems benefits charge or any element of
819 said charge as the need arises. The systems benefits charge shall be

820 used to fund (1) the expenses of the public education outreach
821 program developed under [subsection (a)] subsections (a), (f) and (g)
822 of section 16-244d, as amended by this act, other than expenses for
823 department staff, (2) the reasonable and proper expenses of the
824 education outreach consultant pursuant to subsection (d) of section 16-
825 244d, (3) the cost of hardship protection measures under sections 16-
826 262c and 16-262d and other hardship protections, including but not
827 limited to, electric service bill payment programs, funding and
828 technical support for energy assistance, fuel bank and weatherization
829 programs and weatherization services, (4) the payment program to
830 offset tax losses described in section 12-94d, (5) any sums paid to a
831 resource recovery authority pursuant to subsection (b) of section 16-
832 243e, (6) low income conservation programs approved by the
833 Department of Public Utility Control, (7) displaced worker protection
834 costs, (8) unfunded storage and disposal costs for spent nuclear fuel
835 generated before January 1, 2000, approved by the appropriate
836 regulatory agencies, (9) postretirement safe shutdown and site
837 protection costs that are incurred in preparation for decommissioning,
838 (10) decommissioning fund contributions, and (11) legal, appraisal and
839 purchase costs of a conservation or land use restriction and other
840 related costs as the department in its discretion deems appropriate,
841 incurred by a municipality on or before January 1, 2000, to ensure the
842 environmental, recreational and scenic preservation of any reservoir
843 located within this state created by a pump storage hydroelectric
844 generating facility. As used in this subsection, "displaced worker
845 protection costs" means the reasonable costs incurred, prior to January
846 1, 2008, by an electric supplier, exempt wholesale generator, electric
847 company, [or] an operator of a nuclear power generating facility in this
848 state or a generation entity or affiliate arising from the dislocation of
849 any employee other than an officer, provided such dislocation is a
850 result of restructuring of (A) the electric generation market and such
851 dislocation occurs on or after July 1, 1998, or (B) the closing of a Title
852 IV source or an exempt wholesale generator, as defined in 15 USC 79z-
853 5a, on or after January 1, 2004, as a result of such source's failure to
854 meet requirements imposed as a result of sections 22a-197 and 22a-198

855 and this section or those Regulations of Connecticut State Agencies
856 adopted by the Department of Environmental Protection, as amended
857 from time to time, in accordance with Executive Order Number 19,
858 issued on May 17, 2000; and provided further such costs result from
859 either the execution of agreements reached through collective
860 bargaining for union employees or from the company's or entity's or
861 affiliate's programs and policies for nonunion employees. "Displaced
862 worker protection costs" includes costs incurred or projected for
863 severance, retraining, early retirement, outplacement, coverage for
864 surviving spouse insurance benefits and related expenses. "Displaced
865 worker protection costs" does not include those costs included in
866 determining a tax credit pursuant to section 12-217bb.

867 Sec. 9. Subsection (d) of section 16-245m of the general statutes is
868 repealed and the following is substituted in lieu thereof (*Effective July*
869 *1, 2003*):

870 (d) (1) The Energy Conservation Management Board shall advise
871 and assist the electric distribution companies in the development and
872 implementation of a comprehensive plan, which plan shall be
873 approved by the Department of Public Utility Control, to implement
874 cost-effective energy conservation programs and market
875 transformation initiatives. Each program contained in the plan shall be
876 reviewed by the electric distribution company and either accepted or
877 rejected by the Energy Conservation Management Board prior to
878 submission to the department for approval.

879 (2) Programs included in the plan shall be screened through cost-
880 effectiveness testing which compares the value and payback period of
881 program benefits to program costs to ensure that programs are
882 designed to obtain energy savings whose value is greater than the
883 costs of the programs. Cost-effectiveness testing shall utilize available
884 information obtained from real-time monitoring systems to ensure
885 accurate validation and verification of energy use. Program cost-
886 effectiveness shall be reviewed annually, or otherwise as is practicable.
887 If a program is determined to fail the cost-effectiveness test as part of

888 the review process, it shall either be modified to meet the test or shall
889 be terminated. On or before January 31, 2001, and annually thereafter
890 until January 31, 2006, the board shall provide a report to the joint
891 standing committees of the General Assembly having cognizance of
892 matters relating to energy and the environment which documents
893 expenditures, fund balances and evaluates the cost-effectiveness of
894 such programs conducted in the preceding year.

895 (3) [Such programs] Programs included in the plan may include, but
896 not be limited to: [(1)] (A) Conservation and load management
897 programs; [(2)] (B) research, development and commercialization of
898 products or processes which are more energy-efficient than those
899 generally available; [(3)] (C) development of markets for such products
900 and processes; [(4)] (D) support for energy use assessment, real-time
901 monitoring systems, engineering studies and services related to new
902 construction or major building renovation; [(5)] (E) the design,
903 manufacture, commercialization and purchase of energy-efficient
904 appliances and heating, air conditioning and lighting devices; [(6)] (F)
905 program planning and evaluation; and [(7)] (G) public education
906 regarding conservation. Such support may be by direct funding,
907 manufacturers' rebates, sale price and loan subsidies, leases and
908 promotional and educational activities. Any other expenditure by the
909 collaborative shall be limited to retention of expert consultants and
910 reasonable administrative costs provided such consultants shall not be
911 employed by, or have any contractual relationship with, an electric
912 distribution company. Such costs shall not exceed five per cent of the
913 total revenue collected from the assessment.

914 Sec. 10. Subsection (a) of section 16-245n of the general statutes is
915 repealed and the following is substituted in lieu thereof (*Effective July*
916 *1, 2003*):

917 (a) For purposes of this section, "renewable energy" means solar
918 energy, wind, ocean thermal energy, wave or tidal energy, fuel cells,
919 landfill gas, hydrogen production and hydrogen conversion
920 technologies, and low emission advanced biomass conversion

921 technologies and other energy resources and emerging technologies
922 which have significant potential for commercialization and which do
923 not involve the combustion of coal, petroleum or petroleum products,
924 municipal solid waste or nuclear fission.

925 Sec. 11. Subsection (d) of section 6-245n of the general statutes is
926 repealed and the following is substituted in lieu thereof (*Effective July*
927 *1, 2003*):

928 (d) The chairperson of the board of directors of Connecticut
929 Innovations, Incorporated, shall convene a Renewable Energy
930 Investments Advisory Committee to assist Connecticut Innovations,
931 Incorporated, in matters related to the Renewable Energy Investment
932 Fund, including, but not limited to, development of a comprehensive
933 plan and expenditure of funds. The advisory committee shall include
934 not more than twelve individuals with knowledge and experience in
935 matters related to the purpose and activities of said fund. The advisory
936 committee shall consist of the following members: (1) One person with
937 expertise regarding renewable energy resources appointed by the
938 speaker of the House of Representatives; (2) one person representing a
939 state or regional organization primarily concerned with environmental
940 protection appointed by the president pro tempore of the Senate; (3)
941 one person with experience in business or commercial investments
942 appointed by the majority leader of the House of Representatives; (4)
943 one person representing a state or regional organization primarily
944 concerned with environmental protection appointed by the majority
945 leader of the Senate; (5) one person with experience in business or
946 commercial investments appointed by the minority leader of the
947 House of Representatives; (6) one person with experience in business
948 or commercial investments appointed by the minority leader of the
949 Senate; (7) two state officials with experience in matters relating to
950 energy policy and one person with expertise regarding renewable
951 energy resources appointed by the Governor; and (8) three persons
952 with experience in business or commercial investments appointed by
953 the board of directors of Connecticut Innovations, Incorporated. The
954 advisory committee shall issue annually a report to such chairperson

955 reviewing the activities of the fund in detail and shall provide a copy
956 of such report to the joint standing committee of the General Assembly
957 having cognizance of matters relating to energy, the Department of
958 Public Utility Control and the Office of Consumer Counsel.

959 Sec. 12. Subsection (a) of section 16-245o of the general statutes is
960 repealed and the following is substituted in lieu thereof (*Effective July*
961 *1, 2003*):

962 (a) To protect a customer's right to privacy from unwanted
963 solicitation, each electric company or electric distribution company [,
964 as defined in section 16-1,] as the case may be, shall distribute to each
965 customer a form approved by the Department of Public Utility Control
966 which the customer shall submit to [his] the customer's electric or
967 electric distribution company in a timely manner if [he] the customer
968 does not want [his] the customer's name, address, telephone number
969 and rate class to be released to electric suppliers. [, as defined in said
970 section 16-1.] On and after July 1, 1999, each electric or electric
971 distribution company, as the case may be, shall make available to all
972 electric suppliers customer names, addresses, telephone numbers, if
973 known, and rate class, unless the electric company or electric
974 distribution company has received a form from a customer requesting
975 that such information not be released. Additional information about a
976 customer for marketing purposes shall not be released to any electric
977 supplier unless a customer [signs a release which shall be made
978 available by the department] consents to a release by one of the
979 following: (1) An independent third-party telephone verification; (2)
980 receipt of a written confirmation received in the mail from the
981 customer after the customer has received an information package
982 confirming any telephone agreement; (3) the customer signs a
983 document fully explaining the nature and effect of the release; or (4)
984 the customer's consent is obtained through electronic means,
985 including, but not limited to, a computer transaction.

986 Sec. 13. Subsection (e) of section 16-245o of the general statutes is
987 repealed and the following is substituted in lieu thereof (*Effective July*

988 1, 2003):

989 (e) Each electric supplier shall, prior to the initiation of electric
990 generation services, provide the potential customer with a written
991 notice describing the rates, information on air emissions and resource
992 mix of generation facilities operated by and under long-term contract
993 to the supplier, terms and conditions of the service, and a notice
994 describing the customer's right to cancel the service, as provided in this
995 section. No electric supplier shall provide electric generation services
996 unless the customer has signed a service contract or consents to such
997 services [pursuant to section 16-245s] by one of the following: (1) An
998 independent third-party telephone verification; (2) receipt of a written
999 confirmation received in the mail from the customer after the customer
1000 has received an information package confirming any telephone
1001 agreement; (3) the customer signs a document fully explaining the
1002 nature and effect of the initiation of the service; or (4) the customer's
1003 consent is obtained through electronic means, including, but not
1004 limited to, a computer transaction. A customer shall, until midnight of
1005 the third business day after the day on which the customer enters into
1006 a service agreement, have the right to cancel a contract for electric
1007 generation services entered into with an electric supplier.

1008 Sec. 14. Section 16-245p of the general statutes is repealed and the
1009 following is substituted in lieu thereof (*Effective July 1, 2003*):

1010 (a) [Upon being issued a license pursuant to section 16-245, an] An
1011 electric supplier and an electric distribution company providing
1012 standard service or back-up electric generation service, pursuant to
1013 section 16-244c, as amended by this act, shall submit information to the
1014 Department of Public Utility Control that the department, after
1015 consultation with the Consumer Education Advisory Council,
1016 established under section 16-244d, determines will assist customers in
1017 making informed decisions when choosing an electric supplier,
1018 including, but not limited to, the information provided in subsection
1019 (b) of this section. Each supplier or electric distribution company
1020 providing standard service or back-up electric generation service,

1021 pursuant to section 16-244c, as amended by this act, shall submit, on a
1022 form prescribed by the department, quarterly reports containing
1023 information on rates and any other information the department deems
1024 relevant, including, but not limited to, any change in the information
1025 as required by the department. After the department has received the
1026 information required pursuant to this subsection, the supplier shall be
1027 eligible to receive customer marketing information from electric or
1028 electric distribution companies, as provided in section 16-245o, as
1029 amended by this act.

1030 (b) The Department of Public Utility Control shall maintain and
1031 make available to customers upon request, a list of electric aggregators
1032 and the following information about each electric supplier [, as defined
1033 in section 16-1] and each electric distribution company providing
1034 standard service or back-up electric generation service, pursuant to
1035 section 16-244c, as amended by this act: (1) Rates and charges;
1036 [provided by an electric supplier;] (2) applicable terms and conditions
1037 of a contract for electric generation services; [provided by an electric
1038 supplier;] (3) the percentage of [each supplier's] the total electric
1039 output derived from each of the categories of energy sources provided
1040 in subsection (e) of section 16-244d, the total emission rates [at which
1041 each facility operated by or under long-term contract to the electric
1042 supplier emits] of nitrogen oxides, sulfur oxides, carbon dioxide,
1043 carbon monoxide, particulates, heavy metals and other wastes the
1044 disposal of which is regulated under state or federal law at the
1045 facilities operated by or under long-term contract to the electric
1046 supplier or providing electric generation services to an electric
1047 distribution company providing standard service or back-up electric
1048 generation service, pursuant to section 16-244c, as amended by this act,
1049 and the analysis of the environmental characteristics of each such
1050 category of energy source prepared pursuant to subsection (e) of said
1051 section 16-244d and to the extent such information is unknown, the
1052 estimated percentage of the [electric supplier's] total electric output for
1053 which such information is unknown, along with the word "unknown"
1054 for that percentage; (4) a record of customer complaints and the
1055 disposition of each complaint; and (5) any other information the

1056 department determines will assist customers in making informed
1057 decisions when choosing an electric supplier. The department shall
1058 update the information at least quarterly. The department shall put
1059 such information in a standard format so that a customer can readily
1060 understand and compare the services provided by each electric
1061 supplier.

1062 Sec. 15. Section 16-245s of the general statutes is amended by adding
1063 subsection (d) as follows (*Effective July 1, 2003*):

1064 (NEW) (d) The Department of Public Utility Control shall adopt
1065 regulations, in accordance with the provisions of chapter 54, to address
1066 abusive switching practices by suppliers.

1067 Sec. 16. Subsection (a) of section 16-41 of the general statutes is
1068 repealed and the following is substituted in lieu thereof (*Effective July*
1069 *1, 2003*):

1070 (a) Each (1) public service company and its officers, agents and
1071 employees, (2) electric supplier or person providing electric generation
1072 services without a license in violation of section 16-245, and its officers,
1073 agents and employees, (3) person, including, but not limited to, an
1074 electric supplier, providing an alternative transitional standard offer or
1075 an alternative standard service pursuant to section 16-244c, as
1076 amended by this act, (4) certified telecommunications provider or
1077 person providing telecommunications services without authorization
1078 pursuant to sections 16-247f to 16-247h, inclusive, and its officers,
1079 agents and employees, [(4)] (5) person, public agency or public utility,
1080 as such terms are defined in section 16-345, subject to the requirements
1081 of chapter 293, [(5)] (6) person subject to the registration requirements
1082 under section 16-258a, and [(6)] (7) company, as defined in section 16-
1083 49, shall obey, observe and comply with all applicable provisions of
1084 this title and each applicable order made or applicable regulations
1085 adopted by the Department of Public Utility Control by virtue of this
1086 title so long as the same remains in force. Any such company, electric
1087 supplier, certified telecommunications provider, person, any officer,
1088 agent or employee thereof, public agency or public utility which the

1089 department finds has failed to obey or comply with any such provision
1090 of this title, order or regulation shall be fined by order of the
1091 department in accordance with the penalty prescribed for the violated
1092 provision of this title or, if no penalty is prescribed, not more than ten
1093 thousand dollars for each offense except that the penalty shall be a fine
1094 of not more than forty thousand dollars for failure to comply with an
1095 order of the department made in accordance with the provisions of
1096 section 16-19 or 16-247k or within thirty days of such order or within
1097 any specific time period for compliance specified in such order. Each
1098 distinct violation of any such provision of this title, order or regulation
1099 shall be a separate offense and, in case of a continued violation, each
1100 day thereof shall be deemed a separate offense. Each such penalty and
1101 any interest charged pursuant to subsection (g) or (h) of section 16-49
1102 shall be excluded from operating expenses for purposes of
1103 rate-making.

1104 Sec. 17. (*Effective from passage*) (a) The Department of Public Utility
1105 Control may, by a vote of four commissioners, as defined in section 16-
1106 1 of the general statutes, as amended by this act, determine that the
1107 provision of safe or adequate electric or natural gas service requires
1108 additional facilities or property ancillary to such service.

1109 (b) Upon such determination, the department may develop and
1110 publish a request-for-proposal in order to solicit proposals for the
1111 provision of such additional facilities or property, subject to the terms
1112 and conditions the department determines will best serve the interests
1113 of the public. The department shall develop guidelines for conducting
1114 such request-for-proposal process that are designed to ensure fairness
1115 and full participation by all qualified responders. Nothing in this
1116 subsection shall be construed to prohibit a public service company, as
1117 defined in section 16-1 of the general statutes, as amended by this act,
1118 from responding to a request-for-proposal pursuant to this section,
1119 provided that such company is considered by the department in a
1120 manner that neither advantages nor disadvantages such company as
1121 compared with any other person responding to such request-for-
1122 proposal.

1123 (c) Except as provided in subsection (e) of this section, the
1124 department shall consider all proposals received in response to a
1125 request-for-proposal in a contested case proceeding in accordance with
1126 the provisions of chapter 54 of the general statutes. The department
1127 may negotiate for terms and conditions necessary to conclude a
1128 transaction with one or more persons responding to a request-for-
1129 proposal after notice to all entities responding to such request-for-
1130 proposal. A decision of the department to conclude a transaction with
1131 one or more persons shall constitute a final decision under the
1132 provisions of chapter 54 of the general statutes.

1133 (d) Notwithstanding the provisions of this section, the department
1134 may, with the concurrence of not less than four commissioners,
1135 determine that an emergency condition exists that immediately
1136 threatens the provision of safe or adequate electric or natural gas
1137 service. Such determination shall be made in writing and shall state the
1138 reasons therefore. Such determination shall be published in the
1139 manner of a final decision within two business days after such
1140 determination. Upon such determination, the department may
1141 establish an abbreviated process, giving consideration to safeguards to
1142 protect due process and ensure fair consideration, to remedy said
1143 emergency condition. Such remedy shall not extend beyond a period
1144 of sixty days. Where the department determines there is a need for a
1145 remedy for said emergency condition beyond the sixty-day period, the
1146 department shall issue a request-for-proposal pursuant to subsection
1147 (b) of this section in order to address such need.

1148 (e) A public service company that incurs costs in providing services
1149 pursuant to this section may recover such costs as an operating
1150 expense in a rate proceeding held pursuant to section 16-19 of the
1151 general statutes.

1152 (f) Nothing in this section shall be construed to relieve an electric
1153 distribution company or a gas company from any responsibilities that
1154 they may otherwise have with respect to the reliability of their
1155 respective systems. Nothing in this section be construed to allow an

1156 electric distribution company to own or operate an electric generating
1157 facility.

1158 Sec. 18. (*Effective from passage*) Not later than July 1, 2003, the
1159 Department of Public Utility Control shall open a docket to review and
1160 adopt generation interconnection protocols. If the Institute of Electrical
1161 and Electronics Engineers, or its successor, has adopted such protocols,
1162 then the department shall adopt such protocols.

1163 Sec. 19. (*Effective from passage*) On or before January 1, 2005, the
1164 department shall initiate a contested case proceeding, in accordance
1165 with the provisions of chapter 54 of the general statutes, to examine the
1166 state of competition in the retail provision of electric generation
1167 services. The department shall examine factors associated with a
1168 competitive market place, including, but not limited to, (1) the number
1169 of electric suppliers providing electric generation services to end-use
1170 customers in this state; (2) the number of electric suppliers actively
1171 marketing new end-use customers; (3) for each electric distribution
1172 company, the number of end-use customers receiving electric
1173 generation services as part of the transitional standard offer
1174 established pursuant to section 16-244c of the general statutes, as
1175 amended by this act, as a percentage of the number of customers of
1176 each electric distribution company; (4) for each electric distribution
1177 company, the number of end-use customers receiving electric
1178 generation services from an electric supplier, as a percentage of the
1179 number of customers of each electric distribution company; (5) the
1180 number of end-use customers who have executed a contract with an
1181 electric supplier and who have returned to the standard offer or to the
1182 transitional standard offer established pursuant to section 16-244c, as
1183 amended by this act; and (6) any other factors the department may
1184 deem relevant. In its final decision in such case, the department shall
1185 make recommendations regarding the protection of ratepayers from
1186 excessive rate fluctuations and the development of the market place for
1187 the competitive provision of retail electric generation services. The
1188 department shall submit a copy of its final decision in such case to the
1189 joint standing committee of the General Assembly having cognizance

1190 of matters relating to energy and public utilities no later than January
1191 1, 2005.

1192 Sec. 20. Section 16-244 of the general statutes is amended by adding
1193 subdivision (13) as follows (*Effective July 1, 2003*):

1194 (NEW) (13) It is in the interest of the state for electric distribution
1195 companies to have the necessary financial resources to, on a timely
1196 basis, efficiently, safely and reliably carry out their service obligations,
1197 which obligations include, but are not limited to, the necessary
1198 investment and maintenance to improve and modernize its
1199 distribution facilities, the maintenance of high levels of distribution
1200 reliability, and the training, maintenance, and replacement, when
1201 necessary, of a highly skilled and reasonably compensated workforce.

1202 Sec. 21. (*Effective July 1, 2003*) Section 16-6c of the general statutes is
1203 repealed.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2003</i>
Sec. 3	<i>July 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>
Sec. 5	<i>July 1, 2003</i>
Sec. 6	<i>July 1, 2003</i>
Sec. 7	<i>July 1, 2003</i>
Sec. 8	<i>January 1, 2004</i>
Sec. 9	<i>July 1, 2003</i>
Sec. 10	<i>July 1, 2003</i>
Sec. 11	<i>July 1, 2003</i>
Sec. 12	<i>July 1, 2003</i>
Sec. 13	<i>July 1, 2003</i>
Sec. 14	<i>July 1, 2003</i>
Sec. 15	<i>July 1, 2003</i>
Sec. 16	<i>July 1, 2003</i>
Sec. 17	<i>from passage</i>
Sec. 18	<i>from passage</i>
Sec. 19	<i>from passage</i>

Sec. 20	<i>July 1, 2003</i>
Sec. 21	<i>July 1, 2003</i>

ET *Joint Favorable Subst. C/R* ENV

ENV *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Public Utility Control, Dept.; Consumer Counsel	CC&PUCF - See Below	See Below	See Below

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact:

Municipalities	Effect	FY 04 \$	FY 05 \$
Various Municipalities	See Below	See Below	See Below

Explanation

The bill revises the electric restructuring laws, by specifically extending the requirement that standard offer services be provided to certain customers at a maximum increase of 10%. While there would be no fiscal impact to state agencies, passage of the bill would result in a significant cost to both the state and municipalities as consumers. The state spends approximately \$80 - \$100 million on total utility costs. Approximately, one-third is attributable to electricity.

The bill also does the following: (1) modifies the requirement that utilities provide default service to certain customers at the end of the standard offer service requirement; (2) entitles utility companies to receive a procurement fee and to include actual administrative costs in their rates; and (3) permits DPUC to require companies to provide an alternative to transitional standard offer and service. While all of the above would result in greater responsibilities for the Department of Public Utility Control (DPUC) and the Office of Consumer Counsel (OCC), it is anticipated that additional resources would not be required.

The bill also makes revisions to the renewable portfolio standard which requires electric suppliers to obtain part of their power from renewable resources. Passage of this portion of the bill would not result in a fiscal impact to the state. However, any increase in the Renewable Energy Investment Fund (REIF), administered by the Connecticut Innovations Inc. and attributable to potential payments required in the bill for failure to comply with portfolio standards, would depend upon the range of payment set by the DPUC. This is unknown at this time. The REIF fund balance as of March 2002 was \$4 million including commitments. Revenue in FY01 was approximately \$15 million and revenue is anticipated to be \$22 million in FY 03.

In addition, the bill modifies certain supplier licensing and registration requirements. Passage of this portion of the bill would result in a revenue gain that would also be dependent upon the amount set by DPUC.

Finally the bill does the following: (1) requires utilities to provide DPUC and consumers with certain educational information; (2) makes a number of changes involving certain standards and regulations; and (3) allows DPUC to issue requests for proposal for the building of new facilities to ensure adequate service delivery. Passage of these portions of the bill is not expected to result in any impact to the state.

OLR Bill Analysis

sSB 733

**AN ACT CONCERNING REVISIONS TO THE ELECTRIC
RESTRUCTURING LEGISLATION****SUMMARY:**

This bill revises the electric restructuring law, particularly those provisions requiring electric utilities to provide service to customers who do not choose a competitive supplier. It extends, for two years, the requirement that they provide standard offer service (renamed transitional standard offer service) to such customers and increases the maximum rate that they can charge by 10%.

The bill modifies the requirement that utilities provide default service to such customers after the standard offer service requirement ends. It establishes separate pricing rules for such service provided to (1) small and medium sized customers, and (2) large customers. It requires the utilities to procure power for the small and medium sized customers in a way that mitigates rapid changes in electricity prices.

The bill entitles the utilities to receive a procurement fee for providing their transitional standard offer service and the default service (renamed standard service) they provide to customers to small and medium size who do not choose a supplier. It also entitles them to their actual administrative costs in providing these services, as well as the back up service they are required to provide by law to customers whose supplier fails them. It requires the Department of Public Utility Control (DPUC) to reopen the utilities' most recent rate case to include the administrative costs in their rates.

Under the bill, DPUC can require a utility to offer, through a third party, an alternative to transitional standard offer service and standard service, for example an alternative that includes more renewable energy than is required by law.

The law requires electric suppliers to obtain part of their power from renewable resources. This provision is known as the renewable portfolio standard (RPS). The bill (1) reduces the amount of renewable

power suppliers must obtain, (2) modifies what counts as renewable resources and where it can be produced, and (3) extends the modified RPS to apply to utilities in the service they provide to customers who do not choose suppliers. The bill extends to utilities other environmental provisions that currently apply to suppliers.

The bill eliminates certain supplier licensing requirements and makes others a requirement for maintaining, rather than obtaining, a license. It requires aggregators to be registered rather than licensed.

The bill requires utilities to provide DPUC with information regarding the economic and environmental characteristics of the power they obtain to provide default and backup service. It provides for several other consumer information and education programs, including one to provide consumers information regarding suppliers, and a restart of DPUC's education program.

It expands the systems benefits charge on electric bills to (1) cover costs associated with workers at nuclear power plants in the state dislocated as a result of the state's restructuring law, (2) provide for assistance to surviving spouses of dislocated utility workers, and (3) cover a broader range of educational costs. It modifies the approval process for utility conservation plans and ways consumers can authorize a utility to release information about them to a supplier. It requires DPUC to conduct a study on the status of competition in the electric market and to adopt implementing regulations and standards for interconnecting generation facilities with the transmission grid.

The bill allows (1) DPUC to issue a request for proposals if it determines that new facilities need to be built to ensure the provision of safe and adequate electric or natural gas service and (2) the costs of these facilities to be recovered in utility rates.

EFFECTIVE DATE: July 1, 2003, except for (1) the provisions on requests for proposals, the DPUC study, and interconnection standards which are effective upon passage and (2) the provisions on the systems benefits charge, which are effective January 1, 2004.

STANDARD OFFER SERVICE (2004 TO 2006) (SECTION 4(B))

Under current law, utilities must provide standard offer service to customers who do not choose a supplier. (Currently, fewer than 2% of

customers have done so.) They can charge no more than their December 31, 1996 rates for this service, less 10%. This requirement ends January 1, 2004.

The bill requires the utilities to provide a “transitional standard offer” service from January 1, 2004 through January 1, 2006 at a rate not exceeding the utilities’ 1996 rates. The rate cap does not apply to utility customers that received service under a special contract or flexible rate tariff as of July 1, 2003. The transitional standard offer tariffs filed with DPUC must indicate this fact.

The bill requires DPUC to set the transitional standard offer rate using the same hearing process it had to follow in setting the standard offer rate. It allows, and in some cases requires, DPUC to adjust the rate under the same circumstances as apply under current law with regard to standard offer service. For example, DPUC must adjust the rate to reflect changes in state and federal tax laws. It may approve a rate adjustment for such things as changes in accounting standards or if the utility incurs extraordinary and unanticipated expenses. The energy adjustment clause applies to this service. This mechanism adjusts utility rates to reflect changes in their costs of fuel and purchased power, among other things.

As is the case with standard offer service, utilities can provide transitional standard offer service from their own generation affiliates, so long as they are licensed as suppliers. (Connecticut Light & Power has one such affiliate, Select Energy; United Illuminating has no generation affiliate.)

SERVICE STARTING IN 2006 FOR CUSTOMERS WHO DO NOT CHOOSE A SUPPLIER (SECTION 4(C))

Default Service

Under current law, utilities must provide default service, starting January 1, 2004, to customers who do not choose a supplier or are unable to maintain service with a supplier. The utilities must obtain power for default service through a competitive bidding process. A utility’s generation affiliate can provide this power if it is the lowest qualified bidder and is licensed by DPUC as a supplier. DPUC must adopt regulations on how utilities obtain this power.

The bill eliminates these requirements. Instead, it requires utilities, starting January 1, 2006, to provide service to customers who do not arrange for, or are not receiving service from, a supplier. The bill requires the utilities to provide “standard service” to customers whose maximum demand is less than 350 kilowatts or who do not use a demand meter. This category includes all residential customers and small and medium size business customers. The utilities must provide “last resort” service to larger customers. For both types of service, the utility is entitled to recover its actual net costs of procuring power and providing service, so long as it mitigates its costs for customers it is no longer serving.

Small- and Medium-Sized Customers (Standard Service)

The bill requires DPUC to set the price for standard service by October 1, 2005 and periodically thereafter, but not more than once per calendar quarter. The utilities must procure power for this service under a DPUC-approved plan designed to reduce price volatility. The plan must provide for a portfolio of power contracts that is sufficient to meet the projected demand for the service. The portfolio must be assembled in a way that (1) invites competition; (2) guards against favoritism, improvidence, extravagance, fraud, and corruption; and (3) secures a reliable supply of power while avoiding unusual, anomalous, or excessive pricing.

The plan must require that the procured power contracts overlap over time and be obtained in a way that is likely to produce just, reasonable, and reasonably stable rates. The contracts must be for a fixed period of time, normally for at least six months. However, the utility can procure shorter contracts under conditions DPUC prescribes to ensure (1) the lowest rates possible for customers, (2) reliable service under extraordinary circumstances, and (3) the prudent management of the contract portfolio.

A utility can accept a bid from its generation affiliates if (1) the affiliate submits its bid on the business day before the first day that other suppliers can submit their bids and (2) the utility and its affiliate are in compliance with the existing code of conduct that regulates interactions between them.

DPUC, in consultation with the Office of Consumer Counsel, must retain a third party with expertise in energy procurement to oversee

the initial development of the request for proposals and the utility's bidding process. The costs of retaining the third party must be included in the generation component of the standard service rate.

Each bidder must submit its bid to the utility and third party, who must jointly review the bids and submit a joint recommendation as to the recommended bidder to DPUC. Within 15 business days, DPUC can reject the recommendation, in which case the utility must rebid the service.

In subsequent rounds of bidding, if a utility's generation affiliate wishes to bid, it must retain a third party with expertise in energy procurement to negotiate the contract with the utility.

Large Customers (Last Resort Service) (Section 4(e))

Starting January 1, 2006, the utilities must provide last resort service to large customers, other than those on special contracts or flexible tariffs. The utility must procure power for this service, and DPUC must set its price that reflects the full cost of providing power on a monthly basis.

PROCUREMENT FEE (SECTION 4(J))

The bill entitles the utilities, in addition to their administrative costs, to receive a fee of 0.05 cents per kilowatt-hour for providing transitional standard offer service and standard service.

The bill also allows the utility to receive an additional fee if it is able to procure power for these services at a cost less than the regional average cost of power. DPUC must determine an appropriate mechanism to establish an incentive plan for procuring long-term contracts for these services. It must do so in a contested case, i.e., a quasi-judicial proceeding in which the Office of Consumer Counsel may participate as a party. The incentive plan must be based on a comparison of the average price of the procured power with the regional average price for power, adjusted for variable DPUC considers appropriate, such as locational price differences. (Under Federal Energy Regulatory Commission regulations, the wholesale price of power within New England can vary by location, reflecting differing levels of transmission congestion among other things.) If the actual average contract price paid by the utility is less than the actual regional contract price, DPUC must divide the difference equally

between ratepayers and the utility. DPUC may retain a third party with expertise in energy procurement or contracting to help it develop the incentive plan.

In addition, when a utility procures short-term contracts for the two services at a price that is lower than the regional average, DPUC must split the difference equally between the utility and its ratepayers.

The maximum total fee under the above provisions is 0.25 cents per kilowatt-hour. The fee does not count towards determining whether a utility's rates are just and reasonable under the laws governing how DPUC sets rates. Among other things, these laws require DPUC to set the maximum return a utility can earn on its investments and require the utility to share earnings that exceed this maximum between the company and its ratepayers.

ALTERNATIVES TO TRANSITIONAL STANDARD OFFER AND STANDARD SERVICE (SECTION 4(D))

Under the bill, DPUC can require a utility to offer, through a third party, (1) an alternative to transitional standard offer service before January 1, 2006 and (2) an alternative to standard service thereafter. The third party can be a supplier or other entity. The alternative can include an option that exceeds the RPS or that uses strategies or technologies to reduce the overall consumption of electricity. The alternative is not subject to the bill's rate cap.

DPUC must develop the alternative in a contested case. The utility, under DPUC supervision, must then conduct a bidding process to solicit persons to develop the alternative. DPUC must determine the terms and conditions of the alternative, including at least the minimum percentage of Class I and Class II renewable power (see below). DPUC can reject some or all of the bids the utility receives.

DPUC must require the person who will offer the alternative to enter into a contract or other arrangement with the utility to ensure that the contracts resulting from the bidding process are fulfilled. The person is also subject to DPUC's orders and its power to impose civil penalties on entities that disobey them. If the person is a supplier, DPUC can suspend or revoke its license or bar it from accepting new customers, following a contested case hearing.

RENEWABLE PORTFOLIO STANDARD***Definition of Class I Renewable Resources (Sections 1 and 2)***

The law requires suppliers to get part of their power from Class I resources such as wind and solar power and to obtain an additional amount of power from these resources or Class II resources such as hydropower and biomass.

The bill expands the definition of Class I renewables to include ocean thermal power, wave or tidal power, low-emission advanced renewable energy conversion technologies, and distributed generation. The latter generates electricity on a customer's premises using technologies such as fuel cells, photovoltaic systems, and small wind turbines. The bill also adds run-of-the-river hydropower with a capacity of up to five megawatts that begins operation on or after July 1, 2003, so long as it does not cause an appreciable change in the river's flow. The bill expands the biomass facilities that count as Class I. By law, biomass facilities count as Class I if they went into operation on or after July 1, 1998 and meet certain other criteria. The bill additionally counts the energy produced at older plants, if their nitrogen oxides emissions are equal to or less than .075 pounds per million British Thermal Units (mmBTU) in the previous calendar quarter.

The bill limits the hydropower resources that count as Class II to those that went into operation before July 1, 2003, but that otherwise meet the criteria of Class I. Under current law, all hydropower resources are considered Class II as long as they meet U.S. or Canadian regulatory standards. The bill also limits the biomass resources that count as Class II to facilities emitting up to .15 pounds of nitrogen oxides per mmBTU. Under current law, any biomass resources that do not count as Class I count as Class II.

Modified RPS Schedule (Section 7(a))

As displayed in Table 1, the bill reduces, as of July 2003, the total amount of renewable power suppliers must obtain for their service, but increases the amount of Class I power they must obtain starting in 2008.

Table 1: Changes in Renewable Portfolio Standard

<i>Month and Year</i>	<i>Current Class I/II Standard (percent)</i>	<i>Bill's Class I/II Standard (percent)</i>	<i>Current percent that must be Class I</i>	<i>Bill's percent that must be Class I</i>
7/02	6.5	N.A.	1	N.A.
7/03	7	6.5	1.5	0.5
1/04	7	6	1.5	0.5
7/04	8	6	2	0.5
1/05	8	4	2	1
7/05	8.5	4	2.5	1
1/06	8.5	5	2.5	2
7/06	9	5	3	2
1/07	9	6.5	3	3.5
7/07	10	6.5	4	3.5
1/08	10	8	4	5
7/08	11	8	5	5
1/09	11	9	5	6
7/09	13	9	6	6
1/10	13	10	6	7

Where Renewables Can Come From (Section 7(a))

Under current DPUC regulations, renewable power that is generated in New England or is sold into the New England market counts towards the RPS.

The bill specifies that a utility or supplier can meet its RPS requirements by buying renewable energy from New England, New York, and, if they have RPS requirements similar to Connecticut, Delaware, Maryland, New Jersey, and Pennsylvania.

By law, suppliers can meet their RPS requirements by participating in a DPUC-approved trading program. The bill extends this provision to utilities and specifies that the trading program must operate within the above jurisdictions.

Extension of RPS to Utilities (Section 4(l))

The bill subjects utilities to the revised RPS schedule as of January 1, 2004, based their total output.

The bill requires each utility to file with DPUC by July 1 in 2005, 2006, and 2007, one or more long-term contracts comprised of at least 0.25% of its Class I requirements for the following year. Starting January 1, 2006, the utilities can recover in rates the costs of the contracts and the related administrative costs if (1) the contracts are for enough time to finance the renewable energy projects that began on or after July 1, 2003, but at least 15 years and (2) the contracts are with Class I projects that were funded by Connecticut's Renewable Energy Investment Fund. The power obtained under these contracts counts towards the utilities' Class I RPS requirements. DPUC must reopen the utility's last rate case to include these costs in the utility's rates.

Penalties for Noncompliance with the RPS (Sections 4(l) and 7(k))

The bill allows a supplier or utility to make up a deficiency in its generation service portfolio (apparently the RPS is intended) within the first three months of a calendar year, or otherwise as specified under New England Power Pool rules. But the utility or supplier cannot double count this amount.

Under current law, compliance with the RPS is a condition of a supplier's licensure. If a supplier fails to comply, DPUC can impose a civil penalty of up to \$10,000 per offense, with each day's violation a separate offense. DPUC can also suspend or revoke a supplier's license or bar it from accepting new customers.

Under the bill, DPUC must require a utility or supplier that does not meet the RPS to pay 5.5 cents per kilowatt-hour for the shortfall. DPUC must transfer the payments to the Renewable Energy Investment Fund for the development of Class I resources.

If DPUC determines that renewable resources are available at a price lower than the penalty, a utility cannot recover the penalty from ratepayers. If the utility pays more than 5.5 cents per kilowatt-hour for its renewable power, the excess cannot be recovered from ratepayers.

Net Metering (Section 2)

By law, suppliers must provide a credit to their residential customers who generate electricity from a class I renewable resource or hydropower. In effect, the law requires the suppliers to run a

customer's electric meter backwards for the power he produces using these resources. The bill extends this requirement to utilities in their provision of transitional standard offer, standard, and backup services.

Under current law, such net metered customers must pay two charges based on the power they consume, without deducting any electricity they produce. These charges are used to pay for public policy costs and the utility's stranded costs. The bill exempts from this provision to customers who generate electricity from a unit that has a capacity of up to 10 kilowatts, which is the amount of power used by 100 100-watt light bulbs.

SUPPLIER LICENSURE

Scope of Licensure (Sections 6(a) and (c))

Under current law, suppliers (including aggregators which serve as middlemen between other suppliers and retail customers) must obtain a license from DPUC. The bill appears to require municipalities and regional water authorities to be licensed if they serve retail customers, even if they do not use the utilities' transmission or distribution facilities. As described below, the bill requires aggregators to register with DPUC, rather than obtaining a license. The bill explicitly requires the municipalities, regional water authorities, Connecticut Resources Recovery Authority to meet the licensing conditions that apply to other entities.

By law, utilities do not have to be licensed to provide standard offer service or, before January 1, 2004, back-up service. The bill extends this exemption to transitional standard offer service and extends the licensure deadline to January 1, 2006. By implication, the bill requires utilities to be licensed to provide standard and last resort service.

Conditions for Obtaining a License (Section 6(c))

The bill eliminates a requirement that a supplier, to obtain a license, demonstrate to DPUC that (1) it has the capacity, as specified by the independent system operation (ISO), the entity that administers the New England wholesale market, to adequately serve all of its customers (2) its generation facilities in North America comply with Department of Environmental Protection (DEP) regulations; and (3) its Connecticut generation facilities comply with Connecticut Siting Council law as well as state environmental laws and regulations.

Applying for a License (Sections 6(d) and (f))

Under current law, a license applicant must disclose to DPUC whether it is currently under investigation for violating a consumer protection law in Connecticut or another state. The bill extends this duty by requiring the applicant to disclose whether (1) it has ever been investigated for such violations and (2) its corporate affiliates or officers have been or are being investigated.

Under current law, DPUC must provide notice of the application and conduct its review as a contested case. Among other things, this means that the Office of Consumer Counsel can participate as a party in the case. The bill instead only requires DPUC to hold a hearing on the application at the request of an interested party and does not require that it be a contested case.

Conditions of Maintaining a License (Section 6(g))

The bill makes certain conditions of licensure now apply only to continued licensure and adds to the conditions.

The bill requires suppliers to meet certain requirements in order to maintain, rather than obtain, a license. These are:

1. meeting all applicable licensure requirement of the Federal Energy Regulatory Commission (this requirement also applies to all of the entities from which the supplier buys power from by contract), and
2. acknowledging that it is subject to various state taxes and will pay all of these taxes.

It also makes meeting the RPS standard a condition of a continued licensure.

Under current law, to obtain a license, an applicant must demonstrate to DPUC that it is registered with, or certified by, the ISO, or that it has contracts with entities that are registered or certified. The bill instead requires that the supplier, as a condition of maintaining its license, be a member of the New England Power Pool or its successor, and has contracts with one or more entities that are members

Similarly, each generating facility operated by the supplier or under long-term contract to it must meet state environmental laws (including those dealing with the Connecticut Siting Council) in order for the supplier to maintain, rather than obtain, its license

AGGREGATOR REGISTRATION (SECTIONS 6(B), (K), AND (L))

By law, aggregators are entities that group customers together to negotiate their purchase of electricity from a supplier. The aggregator acts as a middleman and may not buy or resell the electricity. Customers must contract directly with the supplier.

The bill requires aggregators to register with DPUC rather than obtain a supplier's license. (Municipal aggregators are already subject to registration rather than licensure.) It reduces the amount of information aggregators must provide to DPUC when they apply and exempts them from certain requirements in order to remain in operation.

Application Process

Under the bill, an aggregator need no longer include the following in its application to DPUC: (1) a copy of its standard service contract, (2) an attestation that it is subject to various taxes, as applicable, and that it will pay them, and (3) a scope of service plan that describes where it plans to operate, among other things.

Under current law, a license application must include the address of its office in the state and information about its corporate structure. Under the bill, the registration must provide this information as applicable. (In effect, this eliminates the need for an aggregator to have an office in the state.) Under current law, the supplier's application must include its toll-free number. Under the bill, an aggregator can list an in-state number instead. The bill requires DPUC to set the fee for a registration; it already must do so for licensure.

The bill requires DPUC to notify the applicant within 30 days of receiving the application whether it is complete. DPUC must grant or deny the application within 90 days of receiving all of the required information. It must hold a hearing on the application at the request of any interested party.

Maintaining a Registration

The bill eliminates a requirement that an aggregator demonstrate to DPUC that it has the technical, managerial, and financial capability to provide generation services. It also eliminates the requirement that the aggregator maintain a bond or other form of financial security with DPUC.

The bill requires an aggregator to update its application information as necessary. It eliminates requirements that it (1) annually update information that DPUC considers necessary and (2) notify DPUC at least 10 days before (a) changing its corporate structure or scope of service or (b) making other changes DPUC considers relevant.

CONSUMER INFORMATION AND EDUCATION (SECTION 5)

By law, suppliers must provide information regarding the economic and environmental characteristics of their services to DPUC, which must maintain the information and provide it to consumers on request. The bill extends these requirements to utilities in their provision of backup and standard service. The information includes the company's rates and charges; the terms and conditions of its contract; the proportion of its power that comes from nuclear, fossil fuel, and renewable resources; emissions of various pollutants from its power plants; and records of customer complaints and their disposition.

The bill requires DPUC, in consultation with the Office of Consumer Counsel, to establish a program for disseminating information about suppliers. The program must require utilities to distribute this information to (1) any new utility customer and (2) their existing customers on January 1, 2004, and every six months thereafter. DPUC must develop the information, which must include: (1) each supplier's name, address, and internet address; (2) the state where it is based; (3) whether it offers service to residential, commercial, or industrial customers; and (4) whether it exceeds the RPS standards. DPUC must include price information to the extent it determines feasible. DPUC must post the information on a conspicuous part of its own Website and provide links to each supplier's Website. DPUC must update the information at least quarterly.

DPUC must develop a plan, in consultation with the Office of Consumer Counsel, by October 1, 2003 to restart its electric restructuring education program by October 1, 2004. It must submit

the plan to the Energy and Technology Committee.

DPUC STUDY ON COMPETITION (SECTION 19)

The bill requires DPUC to conduct a study on the state of competition in the retail electric market. It must examine factors associated with the development of a competitive market:

1. the number of suppliers serving the market and actively seeking new customers,
2. the percentage of each utility's customers receiving transitional standard offer service and service from a supplier,
3. the number of customers who have returned to standard offer or transitional standard offer service after having chosen a supplier, and
4. other factors DPUC considers relevant.

DPUC must conduct the study as a contested case. In its final decision, DPUC must make recommendations on (1) how to protect customers from excessive rate fluctuations and (2) the development of competition in the market. DPUC must submit its final decision to the Energy and Technology Committee by January 1, 2005.

MISCELLANEOUS PROVISIONS

Systems Benefits Charge (Section 8)

By law, all consumers pay a systems benefits charge to cover the costs of various social policies, including assistance for utility workers who were dislocated as a result of the restructuring legislation. The bill allows this charge to cover (1) such costs for workers who were employed at a nuclear power plant in the state, and (2) insurance benefits for the surviving spouse of a dislocated worker. By law, the dislocated-worker costs must have been incurred by a utility or its affiliate before January 1, 2008, in order to be recoverable. It also broaden the consumer education expenses that are recoverable by the charge.

Utility Conservation Programs (Section 9)

By law, utilities must develop conservation plans, which are subject to review by the Energy Conservation Management Board and approval by DPUC. The bill requires that each program contained in a plan be approved or denied by the utility and the board before it is submitted to DPUC. By law, the utilities' conservation programs must be cost-effective. The bill requires that cost-effectiveness testing use available information from real-time monitoring systems to accurately verify energy use. It expands the costs recoverable from the conservation charge on electric bills to include such systems.

Release Of Customer Information (Sections 12 and 13)

The bill broadens the ways in which a consumer can authorize a utility to release information about him to a supplier. Under current law, the consumer must sign a release. The bill alternatively permits him to allow this by consenting electronically or by having an independent third party verify the authorization.

Renewable Energy Investment Fund (Sections 10 and 11)

By law, Connecticut Innovations Incorporated (CII) must administer the Renewable Energy Investment Fund, which is funded by a charge on electric bills. The bill expands the types of projects CII can invest in to include hydrogen production and conversion technologies. By law, law, CII must establish an advisory committee for the fund. The bill requires that a copy of the committee's annual report on the fund go to DPUC and the Office of Consumer Counsel.

Back-up Service (Section 4(f))

By law, utilities must provide backup service to customers who choose a supplier, but whose supplier fails them. The bill extends, from December 31, 2003, to December 31, 2005, the last date a utility can use its generation affiliate to provide power for this service, rather than bidding it out.

DPUC Regulations (Sections 7 and 15)

The bill requires DPUC to adopt regulations on abusive switching practices by suppliers. It eliminates a requirement that DPUC adopt regulations on standards for bidding out default and backup service. It requires, rather than allows, DPUC to adopt regulations regarding the RPS.

Interconnection Standards (Section 18)

The bill requires DPUC to start a proceeding to examine the standardization of interconnection protocols for engineering methods and rates. Among other things, such protocols establish technical requirements for small power generators who wish to connect to the transmission grid. If the Institute of Electrical and Electronic Engineers has adopted such protocols, DPUC must adopt them.

Preamble to Electric Restructuring Law (Section 20)

The bill amends the preamble to the electric restructuring law to include a legislative finding that it is in the state's interest for electric companies to have the financial resources to efficiently, safely, and reliably carry out their obligations on a timely basis. The obligations include (1) making the necessary investments and maintenance expenditures to improve and modernize its distribution facilities; (2) maintaining a high level of maintenance reliability; and (3) training, maintaining and when necessary replacing a highly skilled and reasonably compensated workforce.

**REQUEST FOR PROPOSALS TO BUILD NEW FACILITIES
(SECTION 17)**

Under the bill, DPUC can determine that the provision of safe or adequate electric or natural gas service requires additional facilities or property. Upon making this determination, DPUC can develop and publish a request for proposals (RFP), subject to the terms and conditions it determines will best serve the public interests. DPUC must develop guidelines for conducting the RFP process that are designed to ensure fairness and full participation of all qualified responders. A utility can respond to the RFP, so long as DPUC considers its proposal in a way that neither advantages nor disadvantages it when compared to other responders.

Generally, DPUC must consider all proposals in a contested case. It may negotiate for terms and conditions necessary to conclude a transaction with one or more responders after a notice to all of them. A decision to enter into a transaction is a final decision under the Uniform Administrative Procedures Act, and is thus appealable to the courts.

If DPUC determines that an emergency exists that immediately threatens the provision of safe or adequate electric or natural gas service it can establish an abbreviated process to remedy the situation. DPUC's determination must be in writing and specify its rationale for taking this step. The abbreviated process must consider safeguards to protect due process and ensure fairness. The remedy cannot extend more than 60 days. If DPUC determines that the remedy is needed for a longer period, it must follow the RFP process.

Under either scenario, DPUC's determination requires the vote of four of its five commissioners. A utility may recover its costs in providing services under these provisions in a rate case. These provisions do not relieve an electric or gas utility from its responsibility to maintain the reliability of its systems. Nor do they allow an electric utility to own or operate a power plant.

BACKGROUND

Related Bill

sHB 6510, favorably reported by the Energy and Technology and Environment committees, is identical to this bill.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute Change of Reference

Yea 15 Nay 1

Environment Committee

Joint Favorable Report

Yea 27 Nay 0